

11-2-1978

## Letters between W.J. Casey and D.D. Pearsall Re: SBA Task Force Report

Duane Pearsall

William Casey

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### Recommended Citation

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November 2, 1978

Mr. William J. Casey  
Rogers & Wells  
Two Hundred Park Avenue  
New York, NY 10017

*SBA Task Force Report  
Sent to Casey  
Cap*

Dear Bill,

Your letter of October 3 was an understatement of the impact of the "Casey Report", quoting Ivan Elmer, Director of the Center for Small Business in the U.S. Chamber, "the SBA Task Force Report has become a handbook of directions for legislative and regulatory action for Small Business." He has personally passed out over a hundred copies.

I've been asked to serve on the new administration's "Policy Review Committee on Technology and Industrial Innovation". This is being conducted through the Department of Commerce. I expect Pat Ianotta will also be one of three or four people representing Small Business out of a committee of one hundred. You may recall in our meetings, that we could not identify a source of early SEED money (less than \$150,000). The reduced capital gains tax will stimulate interest from private investors, but it is far from a complete answer.

Senator Nelson has scheduled a meeting for November 16 to draft a Small Business Program for next year. I'll make book that two or three of those items will be listed from the "Casey Report".

Thank you.

Sincerely,

Duane D. Pearsall  
President

DDP:sam



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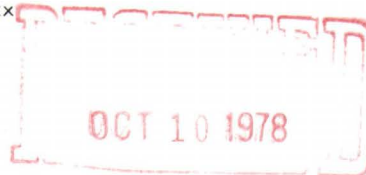
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October 3, 1978

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Mr. Duane D. Pearsall  
President  
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Dear Duane:

I don't know why it took so long, but there does seem to have been a pay off on the efforts of our Task Force. First, the SEC has loosened up on 144, as indicated by the clipping I am enclosing from the Wall Street Journal. The Regulation A exemption is being increased. Finally, the Senate Finance Committee has approved a graduated corporate rate, reduced the capital gains tax to 25% and doubled the amount of loss on small business stock which can be charged against ordinary income. I have to apologize to Charlie Lea for the last.

This note is to let you know that in addition to the pleasure and educational value of working with all of you, I am pleased to see some results coming out of our efforts.

Yours,

William J. Casey

Enclosure

## SEC Votes to Relax Restraints Involving Sale of Certain Unregistered Securities

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The Securities and Exchange Commission voted to relax its restraints on the sale of certain unregistered securities.

The action at least doubles the quantity of so-called restricted securities that can be sold over a given period and is expected to benefit a substantial number of stockholders, the SEC staff believes. The expected beneficiaries include venture capital firms, which customarily receive unregistered securities in return for their investments in small, privately held concerns.

A restricted security generally is one sold through a nonpublic offering.

The commission long has provided exemptions from its regular securities registration procedures to allow limited sales of restricted securities. Under the latest amendments, however, holders of such securities may, over a three-month period, sell up to 1% of the total amount outstanding or, if some of the securities are publicly traded, an amount equal to the average trading volume over the four weeks preceding the sale, whichever is greater.

Previously, the 1% ceiling applied to a six-month period and there wasn't any alternative limit based on trading volume.

The exemption for unregistered stock offers a convenient way around the SEC's often costly registration procedures. Once sold by this method, unregistered shares take on the same status as registered stock. To prevent abuses, though, the SEC rule bars persons who control a corporation, or who are "affiliated" with the company in some other way, from using the exemption "in concert" to achieve the equivalent of a registered public offering.

The liberalization will become effective as soon as the rule change is published in the Federal Register, probably within the next two weeks.

In a related move the SEC also voted to propose a further rule change that would allow unaffiliated persons to sell unlimited amounts of unregistered stock that had been held for five years or longer. The commission announcement of the proposal, which won't be issued until next week, will provide a 60-day period for public comments on the idea.